

## STRATEGIZE TO MAXIMIZE YOUR TAX RETURN

October hardly seems like the time to think about small business taxes. But a quick look at some year-end tax ideas for small businesses and entrepreneurs can pay big dividends on your 2008 tax return, if you do them before the end of this year.

As part of your year-end tax strategy, you have to have a good understanding of your financial situation. Ensure your books are up-to-date and meet with your accountant for advice while you still have time in 2008 to implement any recommended strategies. **These ideas may or may not be right for you, depending upon your profit and losses for the year and your business legal structure - LLC, partnership, corporation, etc. – so be sure to consult with your accountant.** Some possibilities are:

**-Defer income:** Any payments your company can receive during the first week of January as opposed to December cuts your 2008 tax bill. Money deferred until January 2009 will not owe taxes until April 2010. (Again, any strategy depends on your profit and losses for the year and business legal structure.) Ensure your cash flow can handle the deferred income.

**-Add donations:** You can push any early 2009 charitable donations back to 2008. Make sure you get a receipt for the tax deduction.

**-Increase expenses:** Purchase items your business will require in the immediate future to maximize deductions for this year. If you can see a need for goods and services in the first quarter of the new year, buy them now, if cash flow permits. Consider the following items for expenses:

- **Office supplies:** Stock up on paper, printer cartridges, stationery, and other office items.
- **Early bill payment:** Pay phones, subscriptions, rent, and utilities before the new year.
- **Equipment purchases:** If you will be buying new office equipment, consider purchasing now. You'll have to decide whether an immediate write-off is best or spread out the depreciation over years. Consult with an accountant to examine your circumstance and company structure to maximize your deductions. In addition, your equipment will have to be in your office, "in use" by year-end.
- **Other items:** Pre-pay subscriptions, travel, equipment repairs, and maintenance.

**-Write off inventory:** Depending on your accounting methods, you may wish to check inventory for goods that have been damaged or have become obsolete. The drop in market value of the inventory can provide your company with added deductions.

**-Contribute to a retirement plan:** Make payments to your retirement plan or set one up before the year-end to reduce your income for this year. Check the contribution limits for your type of plan.

*Are you still procrastinating getting ready for the accountant? Try these steps to motivate you:*

**Start small:** Take one step at a time, such as organizing your files.

**Free your calendar:** Take a look at your schedule and block out a specific day(s) as tax preparation day. It will never be your top priority (until it's too late), so if you need to close shop or get help to free your time, do it.

**Reward yourself:** Treat yourself to an afternoon or day of shopping, fishing, golfing or whatever most appeals to you after you decide your strategies. It's a major accomplishment!

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